

Fairfax County Economic Development Authority

► Agency Mission

To encourage and facilitate business and capital attraction, retention, and development in Fairfax County; to promote the County's cultural, historical, and recreational attractions to business travelers; and to attract business meetings, conferences, and seminars to the County's meeting facilities in order to expand the County's nonresidential tax base.

► Trends/Issues

Economic Development

The international and national economies have slowed significantly in the past six months. Much of the impacts have been felt in the technology sectors that have emerged in Fairfax County. As a consequence, the office space market has been heavily impacted. Many corporate expansion projects that were planned have been tabled or cancelled. Office space that had been held by companies for their expansion plans has been released on the market, driving the vacancy rates from below three percent countywide to nearly ten percent. Of course, some markets reflect much higher vacancies.

Developers and financing institutions have observed the growing availability of space and are not developing additional office space with the exception of build-to-suit projects. There is neither demand for nor activity in speculative office construction. Further, the pipeline of economic development prospects is significantly diminished as companies scale back and table expansion plans.

Recent years' growth in office space has helped to expand the Fairfax County general fund at a critical time. Population continues to grow and the County's demographers forecast a population of nearly 1.2 million by 2020, up from less than one million in the 2000 census. However, the new office construction of the past few years- reaching highs of more than seven million square feet in one year- will diminish in the next few years. Estimates are: for FY 2002, 3.5 million square feet in speculative construction will be delivered; in FY 2003, about one half million square feet is all that is in the pipeline at present. The implications of reduced marginal increases in the office market, combined with continuing growth of the population at approximately ten thousand people per year, are clear.

The challenge for the Economic Development Authority is, once again, to lead the nation and the region out of the downturn in the economy, and to foster job growth such that the existing office space vacancies will diminish, creating a demand for new construction. The FCEDA intends to accomplish this through the continuation of its marketing programs throughout the United States and around the world. Further, the FCEDA intends to activate an aggressive campaign to attract companies in the field of biotechnology and bio-informatics to the County. Finally, the FCEDA continues to examine additional means by which it can contribute to the revitalization of the County's older commercial markets. In these ways, jobs will be created, the wealth of County residents will be further enhanced, and office space development will yield incremental increases to the County's real estate tax base and the ability to provide a high quantity and quality of public services.

Fairfax County Economic Development Authority

The Board of Supervisors has supported a variety of new initiatives by the FCEDA in recent years. These include appropriations to support the 1998 World Congress on Information Technology, the e-Incubator in Bailey's Crossroads, the Springfield Bio-Informatics i-Incubator, and the recent Emerging Business Forum. The effect of these programs has been to create new companies in the emerging hot technologies, to trumpet Fairfax County as *the* place for technology companies to locate and expand, and to brand Fairfax County as the premiere location in the United States for minority business men and women to locate and grow their businesses and to live.

It should be noted that many of the programs of the FCEDA are supported by non-County sponsors. The recent Emerging Business Forum cost the FCEDA approximately \$40,000. Other local governments and businesses in northern Virginia, suburban Maryland, and Washington, DC contributed over \$500,000. Similarly, the Fairfax County contribution to the 1998 World Congress on Information Technology was \$1.2 million. The total budget for the program exceeded \$7 million. On a program-by-program basis, this approach has been successful. Non-County monies are also included in the budgets of the Community Business Partnership, the e-incubator, and the Fairfax County Visitors Center in Lorton.

The FCEDA Commission has also reallocated much of its existing funds to initiate some very important programs that have had tremendous returns. These reallocations have enabled the creation of three overseas offices- in Tokyo, London, and Frankfurt- that have been highly successful in developing economic development prospects in their local and regional markets. While these changes were made possible by an unprecedented eleven consecutive years of growth in the national economy, there is a need at present to return to the advertising effort in order to compete successfully for the relatively few remaining economic development prospects.

Convention and Visitors Bureau

The Fairfax County Convention and Visitors Bureau (CVB) works to attract both leisure and business travelers to Fairfax County and its hotels and other facilities. This helps to result in extremely high occupancy rates in the County's hotels (in excess of 95% in most hotels) during the business week. At the same time, the occupancy rates are lower during the weekends, creating an opportunity to enhance revenues to the County.

The transient occupancy tax in Fairfax County is the lowest in the region and one of the very lowest in the nation. The existing rate of two percent generates \$8 million annually in revenues that accrue directly to the general fund (FY 2002).

Some very significant new opportunities to increase travel to the County are on the horizon. The National Air and Space Museum Annex at Washington Dulles International Airport is slated to open in late 2003, consistent with the 100th anniversary of flight. Estimates from Air and Space Museum officials are that the annex will attract three to four million visitors annually.

Similarly, the National Army Museum, if sited at Fort Belvoir, is expected to attract as many as one million visitors annually. The potential for increasing the hotel base and the potential for attracting and retaining visitors for local accommodations, restaurants, retail, and more, is enormous.

The challenge for the FCEDA, which manages the CVB, is to compete effectively for travelers to these and the existing destinations as other communities become much more aggressive in their efforts to attract both leisure and business travelers.

Fairfax County Economic Development Authority

The Fairfax County Visitors Center

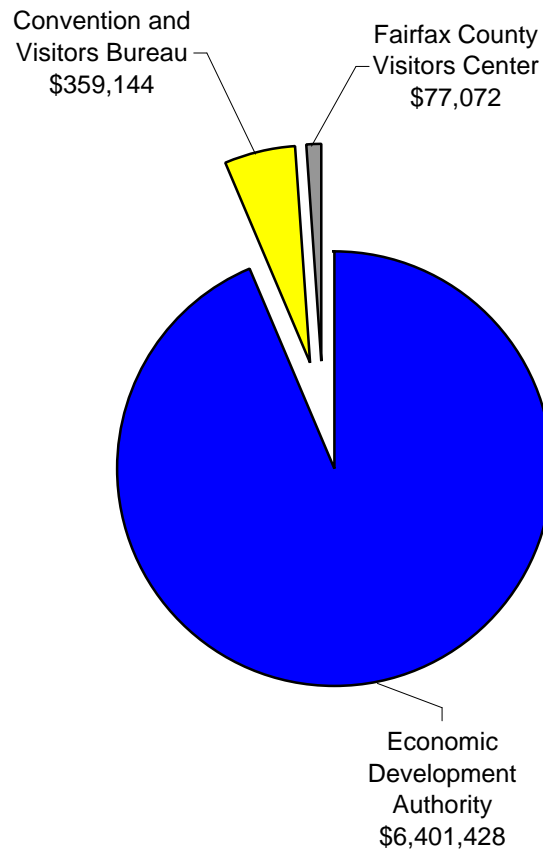
The FCEDA, through its CVB, operates a Visitors Center in Lorton, just off Route One. In FY 2000, nearly sixty thousand people were serviced by the center. Of that number, nearly half were referred to County attractions, hotels, restaurants, retail opportunities, recreational and entertainment attractions, and more. These are referrals primarily to small businesses in the Historic Richmond Highway corridor and the environs.

However, the number of visitors to the Convention and Visitors Bureau in FY 2001 declined, and the decline is expected to continue, due to the highway construction in Springfield. The challenge for the CVB is to find ways to increase the number of visitors and the number of referrals in spite of the interchange construction.

► Summary of All Agency CAPS

CAPS Number	CAPS Title	CAPS Net Cost	CAPS Number of Positions/SYE
16-01	Economic Development Authority	\$6,401,428	32/32
16-02	Convention and Visitors Bureau	\$359,144	1/1
16-03	Fairfax County Visitors Center	\$77,072	0/0
TOTAL Agency		\$6,837,644	33/33

Economic Development Authority



Total FY 2002 Adopted Budget Expenditures = \$6,837,644

Total FY 2002 Adopted Budget Net Cost = \$6,837,644